THE

Market Administrator's BULLETIN

MARKET ADMINISTRATOR

Published at 79 East State Street, Columbus, Ohio 43215
ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

OCTOBER, 1965 Vol, 21 No, 10

Downtrend In Cow Numbers Quickens

The Dairy Situation, Economic Research Service USDA July 1965

The number of milk cows on farms in the United States in June was estimated at 15,566,000, down 3.2 percent from a year earlier. The rate of decline compares with the 2.9 percent drop from 1963 to 1964 and the 2.9 average for 1955-64. The June estimates of number of milk cows tends to approximate the average number of milk cows for the year.

The decline in milk cow numbers is related to the continuing decline in the number of farms keeping milk cows. Poor pasture and forage conditions for much of the country in the past 3 years undoubtedly stimulated the decline during the past year. The rise of livestock prices above a year earlier also probably increased the sale of dairy cows during the second quarter of 1965. With dry weather, limited roughage, and high prices for livestock, more rapid liquidation than in 1964 is expected to continue.

Milk cow numbers in June were less than a year earlier in all regions of the country and all but 4 minor dairy states. Decreases ranged from 2.6 percent in East North Central to 4.4 percent in South Central. The decline from June 1964 was only 1 percent in Wisconsin, Minnesota, and California, but 2.0 percent or more in all other major dairy states. Regionally the rate of decrease was lower than a year earlier only in the South Central region. The sharp reduction since 1950 in that region slowed somewhat this year, since pasture conditions were more favorable to milk production than in 1964.

Pronounced shifts from dairying have been occurring for a number of years in the Midwest. Particularly in the Corn Belt and the Northern Plains regions of the Midwest, conditions are favorable to grain and livestock production. There dairy farmers, more readily than in other areas, shift to these alternatives when milk prices become low relative to those of other products. The decline in livestock-milk price ratios this year increases the attractiveness of livestock alternatives.

Few attractive farm alternatives to dairying in the Northeast in the past has tended to limit declines in milk cow numbers in that area. However, this year prices for milk have risen less in that area than in the major Midwestern dairy areas. Less favorable prices, continued drought, and higher production costs are encouraging movement of Northeastern farmers out of dairying. In the Lake States, also with limited alternatives, dairy prices have improved relative to those of other areas because increased population has enabled these States to sell more of their milk for use in higher valued products.

1964 Milk Consumption Estimates Revised

The Dairy Situation, Economic Research Service USDA July 1965

Total milk consumption in the United States in 1964 was 628 pounds per capita (milk equivalent) slightly below 1963. These are revised estimates based on the annual July review of available production and utilization data. Compared with the previous year, per capita consumption of milk in all products (fat solids basis) declined to 8 out of the 10 years, 1954-63, an average decline of 6 pounds annually.

Per capita consumption of milkfat in 1964 was 23.2 pounds, 0.4 percent less than 1963. The consumption of milk solids-not-fat was 41.8 pounds, up 0.2 percent from 1963. Previously, solids-not-fat consumption had declined each year from 1955 to 1963 by an average of 0.4 pounds per capita.

The consumption of fluid milk and cream milk equivalent during 1964, at 305 pounds per person was about 1 percent below 1963. Although this is the lowest per capita level since data have been compiled, the rate of decline in fluid milk and cream consumption leveled off in 1963 and 1964 compared with the 1958-62 average annual decline of 8 pounds.

Consumption of butter per person in 1964 was 6.8 pounds, 1 percent below 1963 and the smallest since

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Columbus

MARKET FACTS FOR EASY REFERENCE

	Sept. 1965	Aug. 1965	Sept. 1964
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.84	4.50	$4.54
Class I (3.5%)	4.88	4.84	4.50
Class II (3.5%)	3.29	3.25	3.24
Class III (3.5%)	——	——	——
Class IV (3.5%)	——	——	——
Producer Butterfat Differential for each one-tenth percent	8.2¢	8.0¢	7.6¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	85.0	77.7	86.2
Percent of Producer Butterfat in Class I	83.0	77.2	85.0
Percent of Producer Milk in Class II	15.0	22.3	13.8
Percent of Producer Butterfat in Class II	17.0	22.8	15.0
Percent of Producer Milk in Class III	——	——	——
Percent of Producer Butterfat in Class III	——	——	——
Percent of Producer Milk in Class IV	——	——	——
Percent of Producer Butterfat in Class IV	——	——	——
PRODUCER MILK RECEIPTS			
Total Pounds of Producer Milk Delivered	42,238,515	42,514,513	41,187,265
Average Daily Class I Producer Milk	1,241,301	1,100,013	1,211,984
Total Number of Producers	1,642	1,644	1,651
Average Daily Receipts per Producer	858	834	832
Average Butterfat Test	3.60	3.53	3.60
Total Value of Producers Milk at Test	$1,991,078	$1,915,240	$1,812,247
Income per Producer (7 day average)	$282	$263	$256
GROSS CLASS USE (Pounds)			
Class I Skim	34,654,172	31,868,391	35,070,899
Class I Butterfat	1,260,929	1,158,102	1,288,637
Class I Milk	35,915,101	33,026,493	36,359,536
Class II Skim	6,064,449	341,497	7,056,587
Class II Butterfat	258,965	9,146,522	241,332
Class II Milk	6,323,414	9,488,019	7,297,919
AVERAGE DAILY SALES (Quarts)			
Milk	440,370	396,835	439,032
Buttermilk	6,140	6,318	6,830
Chocolate	33,479	18,850	32,177
Skim	13,145	11,483	13,159
Cream	9,129	8,698	9,816

COMPARATIVE STATISTICS ☆ COLUMBUS MARKETING AREA ☆ SEPT., 1956 - '65

Year	Receipts From Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1956	23,259,478	3.75	80.7	8.9	6.1	4.3	4.43	4.528	4.128	4.128	3.252	2,042	380
1957	23,118,767	3.73	86.0	7.2	3.5	3.3	4.54	4.648	4.248	4.148	3.146	1,885	409
1958	22,663,422	3.71	87.8	8.8	1.0	2.4	4.41	4.472	4.072	3.972	2.968	1,768	427
1959	24,655,540	3.65	92.2	5.7	.8	1.3	4.88	4.584	4.184	3.866	3.167	1,732	475
1960	26,321,725	3.63	85.7	8.6	2.1	3.6	4.77	4.556	4.156	3.851	3.097	1,611	545
1961	27,490,420	3.58	83.0	8.9	3.8	4.3	4.86	4.684	4.284	3.926	3.253	1,229	746
1962	31,068,029	3.65	83.4	7.5	3.1	6.0	4.61	4.43	4.028	3.695	3.022	1,350	767
1963	33,575,439	3.63	87.9	7.4	2.4	2.3	4.76	4.49	4.093	3.818	3.145	1,361	822
1964	41,187,265	3.60	86.2	13.8	——	——	4.54	4.50	3.240	——	——	1,651	832
1965	42,238,515	3.60	85.0	15.0	——	——	4.84	4.88	3.290	——	——	1,642	858

First Half Commercial Disappearance Up

The Dairy Situation, Economic Research Service

Preliminary data for January-June 1965 indicates that commercial disappearance of milk in all dairy products, was over 1 percent above the 56.1 billion pounds in the same period of 1964. CCC purchases during this period were 5.7 billion pounds of milk equivalent compared with 6.1 billion pounds in the first half of 1964. Commercial disappearance of manufactured products gained about 0.7 percent. Combined commercial stocks of manufactured dairy products increased 1.1 billion pounds (milk equivalent) from January 1 to June 30, about the same as last year's change.

Among major manufactured products, first half commercial disappearance of cheese gained 0.5 percent; dry whole milk, 8 percent; and ice cream, 1.6 percent above January-June 1964. Commercial use of butter declined 3 percent. However, total use fell 8 percent, because USDA stopped commitments for donations to institutions and needy persons in first half of 1965. Commercial disappearance of evaporated milk was about 6 percent below a year earlier, and that of nonfat dry milk fell sharply.

Sales of fluid whole milk in Federal and State regulated markets in January-June 1965 rose 1 percent from a year earlier. January-May sales (product weight) of all fluid milk products were up 1.8 percent. Skim milk and lowfat items gained 8.2 percent. Sales of fluid cream, continued the decline of recent years, falling 1.7 percent below last year's levels. Milk and cream mixtures dropped 2.3 percent.

Commercial disappearance of milk in all dairy products for the year, based on findings so far this year, may be up more than 1 percent from 1964. CCC domestic donations of butter and nonfat dry milk are expected to be about the same in the second half of 1965 as a year earlier.

Total commercial disappearance is likely to exceed that of 1964, but per capita use of milk in all forms, including CCC donations, may be 1-2 percent below the 1964 level of 628 pounds. Per capita sales of fluid milk products in urban areas are being maintained this year, but per capita civilian consumption (milk equivalent) may fall 1 percent from the 305 pounds in 1964.

USDA Reports on Volume-Weight Conversion Factors For Milk

The Dairy Situation, Economic Research Service

Composition of fluid milk is the most important factor affecting weight, according to a report published today by the U.S. Department of Agriculture. Temperature also has some effect on weight of milk, but geographic location, breed of cow — except as breed affects composition —and season of the year are relatively unimportant.

The report, by USDA's Consumer and Marketing Service, gives results of a study conducted in 13 Federal milk order markets for a year in which more than 8,000 samples of raw and processed whole milk, skim milk, cream, and fortified milk products were tested.

Milk, in moving from farm to dinner table, is handled by both weight and volume, at various points. But the weights of specified volumes of milk and cream long have been subject to some uncertainty, C&MS officials said.

Now, however, the study has revealed that milk weight to volume, or volume to weight can be figured more accurately and uniformly than ever before by means of a set of conversion factors, developed in the study for nationwide use.

Included in the report are standard weight conversion tables for milk at 40 degrees, 50 degrees, and 60 degrees Fahrenheit and the universal equations on which the factors are based.

A free copy of the report, "Volume-Weight Conversion Factors for Milk: An Abstract of Committee Report of Study Conducted in 13 Federal Milk Order Markets," Marketing Research Report 701, may be obtained by postcard request from the Office of Information, U. S. Department of Agriculture, Washington, D.C.; 20250.

U.S. STORAGE HOLDINGS REFLECT CCC ACTIVITY

The Dairy Situation, Economic Research Service
Federal Milk Market Order Statistics,

Total stocks of manufactured dairy products at the end of July were estimated at 9.3 billion pounds milk equivalent, about 0.8 billion less than a year earlier. Commercial stocks were 5.8 billion pounds, 0.3 billion larger than July 31, 1964. Government stocks were about 3.5 billion compared with 4.6 billion last year. The decline in Government storage holdings has been partly offset by increased commercial holdings, with about half of the gain accounted for by increased commercial stocks of American cheese.

American cheese stocks in commercial hands at the end of July were 346 million pounds compared with 331 million last July. The seasonal gain since April 1 has been about 24 million pounds greater this year than last.

At the beginning of August, Government cold storage holdings of butter were 161 million pounds, down from 190 million a year earlier; holdings of American cheese were down to 5 million pounds from 22 million. However, butter stocks increased this year from January 1 to the end of July by 132 million pounds. This compares with an increase of only 15 million pounds during the same period of 1964. This year's higher gains are due chiefly to a slower movement of butter out of CCC stocks than in 1964.

Market Quotations

SEPTEMBER 1965

MINNESOTA - WISCONSIN PRICE SERIES	$3.29
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.20
Average Price per lb. 92-score butter at Chicago	.6222
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1421

CONSUMPTION

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data compilation began in 1909. Consumption per person has declined in 8 out of the past 10 years, by an average of 0.2 pound yearly.

Consumption for cheese was 9.5 pounds per person in 1964. New records were set in 1964 for American cheese consumption as well as for other varieties. Consumption per capita of Italian, Swiss, brick and Munster varieties of cheese rose in 1964 from 1963. Use of cream, Neufchatel, and unclassified cheese varieties was below 1963. Cottage and full-skim cheese consumption in 1964 was 4.7 pounds per capita, 2 percent above 1963.

Net milk used for frozen dairy products was 52.7 pounds per person in 1964 compared with 51.9 pounds in 1963 and the 1958-62 annual average of 51.9 pounds. While ice cream use per capita rose 1 percent in 1964 from 1963, ice milk consumption increased 7 percent to 64 pounds, a record level.

Nonfat dry milk consumption per capita in 1964 rose 3 percent over 1963. Dairy industry's use of nonfat dry milk was a record level last year, according to the American Dry Milk Institute. However, use by the bakery industry and home use declined slightly. Domestic distribution from CCC stocks declined also.

Per capita consumption of evaporated milk in 1964 fell to 9.0 pounds, 4 percent below 1963. This is the lowest per capita level since 1923. Consumption per person has been down each year since 1950, by an annual average of 0.6 pounds.

Condensed whole milk consumption, 2.3 pounds per person in 1964, was 0.1 pound above 1963, but 0.2 pounds below the 1958-62 average. Condensed and evaporated skim milk consumption, 4.7 pounds was 4 percent above the 1963 level and 2 percent above the 1958-62 average.